Office of Food for Peace (FFP)

Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA)

Concept Paper for its

Strategic Plan for 2004-2008

FINAL DRAFT

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Food for Peace Concept Paper

I. Executive Summary

This concept paper draws on the years of experience managing the Title II food assistance program, and lays the foundation for the new FFP strategy. Over the next five years, the Office will continue to use Title II food resources to contribute to FFP's vision of *"a world free of hunger and poverty, where people live in dignity, peace and security"* and to the goals and objectives of the U.S. Government, the U.S. Agency for International Development (USAID) and the Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA). In pursuing this vision, Food for Peace and its partners will implement a strategy that focuses on reducing the food insecurity of vulnerable groups in both emergency and non-emergency contexts.

Recent trends in food security coupled with significant changes in its operating environment mean that FFP and its partners will face increased challenges over the next five years. At the global level, limited progress has occurred, with reductions in global estimates of poverty, undernutrition and malnutrition. But if one excludes China, progress has been uneven across the developing world, with some countries in all regions losing ground. Further, the Title II program is now operating in an environment characterized by increased frequency and severity of natural and manmade disasters; the heightened diplomatic, military and humanitarian demands on the United States, including the war on terrorism; and the destabilizing potential of HIV/AIDS, corruption, conflict, and increased numbers of refugees and internally displaced persons.

These trends have led FFP and its partners to the strategic decision to focus Title II resources on reducing risk and vulnerability. The concept of risk is implicit in the USAID definition of food security, but operationally the program has focused on raising the levels of food availability, access and utilization, with much less emphasis placed on the risk of losing the ability to obtain and use the food. Under the new Food for Peace Strategy, food security will remain the cornerstone of the Title II program, but FFP has expanded the basic food security conceptual framework to include a fourth pillar to make explicit the risks that constrain progress toward increased food availability, access and utilization. FFP will re-orient Title II programs operationally so that the vulnerability of food insecure individuals, households and communities is addressed more directly.

In this new context, food will have an immediate impact – protecting lives and smoothing consumption – while also achieving the longer-term impacts – enhancing community and household resilience to shocks, helping people build more durable and diverse livelihood bases (enhancing assets, resources and infrastructure), and enhancing the capabilities of individuals through improvements in health, nutrition and education. Consistent with the Administrator's emphasis on developmental relief, this means that food aid-supported activities will be a means to reduce vulnerability over the longer–run and not merely an end in themselves, even in an emergency environment.

FFP's proposed new strategic objective – *Food insecurity in vulnerable populations reduced* – reflects the decision to place more focus on the ***"in"*** in food insecurity. This formulation also represents a significant change from the current strategic framework, which has separate objectives for the emergency and non-emergency or development programs. This will help remove artificial distinctions between the emergency and development programs and make it easier for the former to incorporate activities that address the underlying causes of emergencies. At the same time, the new formulation will ensure that development programs become more risk conscious and pay greater attention to prevention and sustaining progress in shock prone environments. The new strategy also represents a clear choice on the part of FFP to focus on higher order results that will have resonance with a wide audience, although the achievement of these results will require the Office to commit to a more active "global leadership" role in the future.

The first intermediate result (IR) – *FFP's global leadership enhanced* -- adds a major new dimension to the Office's strategic framework. This IR reflects FFP's interest in performing a more active role in framing a new food security agenda, both within USAID and with the broader international community. As reflected in the sub-intermediate results in the new framework, FFP will need to collaborate more successfully with a more active and expanded set of partners in order to achieve greater progress in reducing food insecurity. This also means that FFP will have to play a more active role in galvanizing increased attention and resources to the problems of the food insecure – those living with chronic food insecurity as well as those coping with emergencies.

The second intermediate result – *Title II program impact in the field increased* -- reflects the decision to focus the Title II program on enhancing the ability of individuals, households and communities to cope with shocks in order to reduce their vulnerability. The concept of "protection" is also included in this formulation to capture an important function of the program during emergencies, when protecting lives, livelihoods and community resiliency is the first concern. However, in both emergency and non-emergency programs, the ultimate objective must be leaving people and communities better off – to "enhance" human capabilities, livelihood capacities and the resilience of communities. The importance of improved governance, especially the need for communities to have greater "capacity to influence factors (decisions) that affect their food security," is also included as an important contributor to increasing program impact.

Based upon extensive technical analyses and stakeholder consultation within and outside USAID, this proposed strategy aligns well with U.S. Government and USAID priorities in using the bounty of American agriculture to improve the lives of hungry, vulnerable people. In elaborating the full strategy, FFP will continue to engage with USAID and other key stakeholders to ensure optimal use of Title II resources in both emergency and non-emergency contexts.

II. Introduction and Background

A. Purpose of Concept Paper

The purpose of this paper is to describe FFP's vision for its future and to inform the parameters that will guide the development of the Office's strategic plan. This concept paper draws on the years of experience that the Office and its partners have in managing the Title II food assistance program, and on the most recent successes in using Title II food resources to help improve food security in the developing world in accordance with the focus introduced in the 1990 Farm Bill.

B. Summary of Current Program

The 1990 Farm Bill made major changes in the PL 480 food assistance program, starting with the designation of improved food security in the developing world as the program's over-riding objective. This legislation gave USAID responsibility for the relief and economic development programs (Title II and Title III) and USDA responsibility for using food for trade promotion and market development purposes under Title I. The 1990 legislation included addressing "famine or other urgent or extraordinary relief requirements" and carrying "out feeding programs" as two of the uses of food under the Title II program. But it went beyond these activities, which are focused on the more immediate satisfaction of food needs, to identify a number of broader, longer-term uses. These include combating "malnutrition, especially in children and mothers," carrying out "activities that attempt to alleviate the causes of hunger, mortality and morbidity," promoting "economic and community development," and promoting "sound environmental practices." The legislation opened the way to increased sales of food (monetization) under the Title II program, increasing the minimum that needed to be monetized to 10 percent of the total value of non-emergency commodities and expanding the uses of the proceeds to include income generation, health, nutrition and agricultural activities. The Legislation also called for increased coordination and integration of food aid with U.S. development assistance objectives and with the overall development strategy of the recipient country.

In 1990, many still thought of food security in very narrow terms, as dependent primarily on the availability or supply of food at the national level. The definition of food security in the legislation was much broader, however, as was the definition that USAID issued in a 1992 policy paper:

> "Food security exists when all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life." (USAID Policy Determination Number 19, April 1992)

This definition focuses on three distinct but interrelated elements, all of which are essential:

- **Food availability**: sufficient quantities of food from household production, other domestic output, commercial imports or food assistance.

- **Food access**: adequate resources to obtain appropriate foods for a nutritious diet, which depends on income available to the household, on the distribution of income within the household and on the price of food.

- **Food utilization**: proper biological use of food, requiring a diet providing sufficient energy and essential nutrients, potable water and adequate sanitation, as well as knowledge within the household of food storage and processing techniques, basic principles of nutrition and proper childcare and illness management.

This is the conceptual framework that underlies the current Title II program. The centrality of these three elements has also gained widespread international acceptance, as demonstrated by their acceptance as part of the definition of food security that was adopted at the World Food Summit in 1996 and the follow-up Summit in 2002.

In 1995, USAID issued a major new policy -- its "Food Aid and Food Security Policy" – designed to bring the Title II program into better conformity with the purposes laid out in the 1990 Farm Bill and to guide program development and resource allocations. This document identified new geographic and programmatic priorities for the Title II emergency and development food aid programs and aimed to refocus the programs on the principal causes of food insecurity among the poor in the most food insecure countries.

FFP used the 1995 policy as the basis for making a series of major changes in the Title II program over the last seven years, particularly in the development program. Some of the more important changes in the development program, which are documented in the recent "Food Aid and Food Security Assessment" (FAFSA),[1] are discussed below.

Geographic priorities -- As a result of the 1995 policy, USAID now gives more priority in the allocation of Title II resources to programs in those countries that need food the most and where food insecurity is greatest. The number of programs and amount of resources going to programs in sub-Saharan Africa and South Asia – the two priority regions identified in the policy – also have increased as a result. In the Latin American and Caribbean (LAC) region, resources have shifted to the more food insecure countries and populations within those countries.

Sectoral priorities – FFP has placed more priority on "improving household nutrition, especially in children and mothers, and on alleviating the causes of hunger, especially by increasing agricultural productivity." Plus, the cooperating sponsors have made major

[1] Patricia Bonnard, Patricia Haggerty and Anne Swindale, "Report of the Food Aid and Food Security Assessment: A Review of the Title II Development Food Aid Program," a report prepared by the FANTA (Food and Nutrition Technical Assistance) Project of the Academy for Educational Development for the Office of Food for Peace and the Office of Program Policy and Management of the Bureau for Democracy, Conflict and Humanitarian Assistance, Washington, DC, March 2002.

strides in increasing their capacity to implement programs in these priority sectors, i.e., health and nutrition and agriculture.

Managing for results – FFP has placed greater emphasis on monitoring and evaluating the food security impacts of the Title II program, in response to the 1995 policy and in conformity with the "managing for results" orientation required by the Government Performance and Results Act. The FAFSA determined that over half the Title II maternal child health and nutrition programs had achieved reductions in the percentage of malnourished children (stunting or underweight); reductions in diarrhea and increases in immunizations also were reported; and almost all the agricultural programs reported increases in yields. This represents a major change from the days when commodity monitoring and accountability were the primary management concerns. However, additional progress is needed, according to the FAFSA, in reducing the variability in how indicators are defined, measured and reported and on improving the use of the information generated for program management.

Expanding complementary activities – The 1995 policy recognized the importance of complementary resources – cash in particular – to the success of emergency programs as well as to achieving food security on a sustainable basis. Within the development program, much of the success in the health and nutrition and agricultural sectors was achieved through increases in complementary inputs, including the additional technical assistance and training that has become available since the promulgation of the policy. However, much of this increase was funded by monetization rather than an increase in the availability of Development Assistance (DA) and other USAID funds or other donor resources. As a result, the amount of monetization has grown substantially, increasing to 65 percent of Title II non-emergency commodities in 2001 – a development that has not been welcomed by all of the Title II stakeholders (See discussion below on the "Policy Environment").

Integration with mission strategies -- Some progress has been made in integrating the Title II development programs with USAID mission strategic frameworks, particularly in the LAC region, with Title II development programs contributing to the achievement of mission performance objectives. However, even where progress occurred in integrating Title II programs into mission strategies conceptually, this has not always resulted in the operational integration of mission and Title II resources. Achieving better integration of resources within USAID continues to be a challenge due to a variety of factors. These include the lack of integration of diverse USAID programs within missions, a decline in the availability of DA resources to support agriculture, and independent budgetary criteria, accounts and cycles. Achieving better integration of Title II resources with other sources of funds (i.e., from the cooperating sponsors, other donors and recipient governments) has proven equally, perhaps more, challenging.

Sustainability – The Title II program has shifted its emphasis from feeding people in the short-run to trying to improve the food security of the more food insecure populations over the medium and longer-term. As part of this development, the cooperating sponsors have adopted multi-sectoral, community-based approaches that emphasize community

ownership, self-reliance, empowerment, and participatory methods. To increase the likelihood that the food security results achieved under these programs will be sustainable, the FAFSA recommends more flexibility in the length of the development assistance proposals, including the ability to extend programs beyond the current five-year time frame. It also recommends that the cooperating sponsors take steps to identify alternative sources of assistance for their services earlier in their programs and more effectively link beneficiaries to these alternatives.

Strengthening food aid partner capacity – The cooperating sponsors have improved their capacity to assess problems, manage programs in the field and to monitor and report on performance. They have also developed small-scale, locally affordable and appropriate innovations in both their health and nutrition and agriculture programs. However, FFP needs to focus on the institutionalization of these strengthened capacities and to improve quality control in the field.

Strengthening the food aid partnership – FFP made progress in strengthening its partnerships with internal (i.e., USAID's regional bureaus and missions) and external partners (primarily the cooperating sponsors). However, the FAFSA identified a need for additional improvements in the areas of transparency, consistency, flexibility, communications and consultation. The FAFSA also identified the need to establish clear lines of authority and to help Title II partners understand the roles of the different management units within the Agency – the Food for Peace Office, the regional bureaus and the missions.

Relief to development continuum – Although the 1995 policy recognized the need to develop a better understanding of the relationships between relief and development, little progress was made in this area. The FAFSA recommended that Food for Peace "put priority on developing a relief-to-development strategy for Title II resources that recognizes the oscillatory and coincident nature of most relief and development transitions."

C. Summary of the Analytical Agenda

The Office of Food for Peace commissioned several technical papers to help inform the preparation of its new strategy. First, FFP commissioned an assessment of the Title II development program to determine the extent to which the regional, sectoral and management objectives laid out in the 1995 policy had been achieved, and to recommend future program and legislative objectives. The results of this analysis, the "Food Aid and Food Security Assessment" (FAFSA), were discussed in the previous section.

To help broaden the evidence base for the food security impacts of monetization, the Office commissioned Michigan State University (MSU) to assess monetization programs in several African countries. These case studies document the positive impacts that selling the food (monetization) can have on recipient countries – impacts that range from foreign exchange savings, stabilized food supplies and lower food prices, to stimulating private commerce and processing industries. The greatest impact of monetization,

according to MSU, stems from the results of activities that are funded with the proceeds from the commodity sales. This was also a key finding of the FAFSA. Cash from monetization helps pay for distributing the food and to pay for the other inputs -- the training materials, engineering designs, and the tools used in the food for work programs – that are needed to complement the food that is distributed. Cash is also used to pay for disseminating the new agricultural technologies and for the nutrition and health education activities that are such an important part of the programs implemented since the 1995 policy.

The Office also commissioned two reviews of recent trends in food security and new evidence on the effectiveness of alternative program approaches to food security – one by the International Food Policy Research Institute (IFPRI) and the second by Tufts University School of Nutrition.[2] These documents have provided FFP with a broad set of insights into the nature of the food security challenge and potential approaches. These two papers and the discussions that have taken place around them have also helped FFP up-date its analytical framework to reflect the changing realities in the world. And, they have helped the Office to better understand the risky environments in which its programs operate and the implications of this risk for program design and implementation.

III. Situation Analysis

A. Trends and Implications

"To put it bluntly, the state of food insecurity in the world is not good."
(FAO 2002)

This statement summarizes FAO's view of the state of food insecurity, a view that is supported by the analyses that IFPRI and Tufts prepared for the Office.

Some progress has occurred at the global level. – Global ***poverty*** declined during the 1990s by around 20 percent. The number of chronically ***undernourished*** people (a FAO measure of national-level food adequacy) fell in the developing countries from 816 to 777 million during the 1990s. And, the number of chronically ***malnourished*** (stunted) children fell from 220 million to 184 million. However, much of this progress was due to successes in one country – China.

Progress in reducing food insecurity has been uneven, with the situation worsening in some regions and some countries in all regions. – All three proxies for food security – poverty, undernutrition and malnutrition -- indicate that the progress in reducing food insecurity has been very uneven.

[2] Patrick Webb and Beatrice Rogers, "Addressing the "In" in Food Insecurity," a report prepared by Tufts University, February 2002; and Lawrence Haddad and Tim Frankenberger, "Integrating Relief and Development to Accelerate Reductions in Food Insecurity in Shock Prone Areas," a report prepared by the International Food Policy Research Institute (IFPRI), February 2003 (draft).

- **Poverty** -- If China is excluded from the analysis, the rate of poverty reduction in the world has been less than half the rate needed to meet global targets. Further, the number of people living on $1 per day or less in sub-Saharan Africa, South Asia and Latin America increased by 10 million each year during the 1990s. (UNDP 2002)

- **Undernutrition** – Although the number of chronically undernourished people in the world fell by some 39 million during the 1990s, China accounted for most of the progress (66 percent of the gain). Two-thirds of the ninety-nine countries analyzed experienced increases in undernutrition. Some of the worse performers were in sub-Saharan Africa (Democratic Republic of the Congo, Burundi, Tanzania, Somalia and Mali) but others can be found in Asia and the Middle East (Democratic Republic of Korea, Mongolia, Iraq and Afghanistan), and others in Latin America (Cuba and Guatemala). (IFPRI 2002)

- **Malnutrition** – The prevalence of child malnutrition (both stunted and under-weight children) has increased during the 1990s in both sub-Saharan Africa and Central America. (ACC/SCN 2002)

Recent projections suggest that progress is likely to slow in the future. – Several recent analyses indicate that the momentum for change that began in the 1990s may have stalled, suggesting that it may be more difficult to make progress in reducing food insecurity in the future than in the recent past. According to recent estimates by USDA, IFPRI and FAO, for example, the goal of halving the number of undernourished people by 2015 is not likely to be met until 2050 at the earliest, given realistic scenarios for the growth in food supply and effective demand. Another IFPRI assessment concludes that a 50 percent reduction in poverty or child malnutrition in most parts of the world, let alone the entire world, is optimistic.

Achieving reductions in poverty could become more difficult. Multi-sectoral interventions will continue to be important to achieving reductions in malnutrition – In the future, success in reducing food insecurity will depend on our ability to "shift" endemic chronic poverty. Average poverty rates have declined during the 1990s. However, the number of people living in extreme poverty in the least developed countries more than doubled since the late 1960s, and by 2000 had reached 307 million. At the same time, the gap between the extremely poor and the less poor has widened. Rising national aggregate incomes, which we now understand how to promote, have been responsible for the decline in the average rates of poverty. However, pulling the extremely poor and food insecure, who frequently live in marginal locations in poor countries, out of conditions of long-term deprivation has proven to be less amenable to quick solutions. Furthermore, growth in income alone in the absence of specific nutrition interventions is unlikely to result in as rapid a decrease in the prevalence of child malnutrition as is desirable and possible. This means that reducing malnutrition will have to be promoted explicitly as a goal within a food security strategy, and multi-sectoral targeted interventions will continue to be important.

Disasters, both natural and manmade, will continue to take a toll. -- Manmade and natural disasters took a tremendous toll during the 1990s, with over 3 million lives lost to these events. Three times as many natural disasters were reported in the 1990s as in the 1960s, and estimates of economic losses due to these events during the 1990s range from $400 to almost $800 billion. The number of earthquakes and volcanic eruptions have held fairly steady, but disasters related to water and weather have increased dramatically, and their effects are likely to become even more devastating as populations at risk increase. The number of manmade disasters also grew during the 1990s, killing three times as many people as natural disasters, with countries in every region affected. Conflict played a central role in these manmade disasters. By the end of 2000, internal conflict and repression had generated 14.5 million refugees and asylum seekers worldwide and nearly 25 million people displaced within their own countries.

The challenge of HIV/AIDS will increase. – HIV/AIDS threatens to be as devastating to the 21st Century as famine was for the 19th and 20th Centuries. Approximately 42 million people are currently living with HIV/AIDS; the death toll exceeds 3 million per year and continues to rise. The pandemic affects an estimated 200 million people worldwide, most in low-income developing countries. Sub-Saharan Africa is most affected, where the disease has become the leading cause of adult morbidity and mortality and a major contributor to recent large-scale food crises. HIV/AIDS is also spreading rapidly across Asia, with India leading the world in the absolute numbers of infections, currently estimated at 5 million. In addition to infecting and killing individuals in the most productive 15 to 45 years age group, the pandemic affects household food security in a variety of ways, eroding the capacity of households to attain food security and/or to withstand shocks. AIDS morbidity and mortality reduce households' ability to produce and buy food, deplete savings and assets, and reduce the insurance value of social networks as increasing numbers of households call in favors simultaneously. Morbidity affects agricultural productivity by reducing labor availability and efficiency, pushing households to reallocate labor from productive activities to patient care, and by shifting income-earning responsibilities to the elderly and the young. At national levels, government investments in human capital development (education, training, health) are all at risk, while future economic growth, tax income and the inter-generational transfer of skills and knowledge (cultural capital) all become less certain.

Urban food insecurity will grow. – The developing world is continuing to urbanize, and the proportion and number of urban poor are increasing. In many developing countries, however, poverty is still primarily a rural problem, extreme poverty in particular. Urban food insecurity problems have arisen on a large scale where the process of urban growth has been very rapid, and especially when the increased urbanization was linked to distress migration rather than the attractions of urban economic growth. Another cause for concern about increasing urbanization relates to shocks. While the International Fund for Agricultural Development (IFAD) argues that the rural poor are much more vulnerable to fluctuations in well-being than the urban poor, the latter can also be vulnerable to both natural and economic shocks. For example, the urban poor were at least as severely

impacted by the Asian financial crises of the late 1990s as many rural poor, because of more rapid price dissemination effects and real food supply constraints.

The availability of food aid is likely to continue to be volatile, with the United States remaining the major donor. – Overall availability of food aid has declined since the mid-1980s, and this decline has occurred in the context of continuing volatility in international supplies. U.S. deliveries of food assistance, which approached record lows in the early years of the 21st Century, have varied by a factor of more than three over the past decade, ranging from roughly 3 million metric tons in 1997 to over 9 million metric tons in 1999. The United States' share of total donations still accounted for over 62 percent in 2000, however, in part because food aid donations from other major donors – Canada, the European Union and Australia – have shown a consistent decline. The supply of food aid continues to depend on unpredictable factors, such as the politics of U.S. agricultural price supports and deliberations in the World Trade Organization (WTO), as well as climatic factors affecting production. There remains no assurance that future fluctuations in the supply of food aid will be more congruent with the changing needs in the developing world, especially where non-emergency needs are concerned.

B. Changes in FFP's Operating Environment

The environment in which the Title II program operates has changed dramatically since the mid-1990s. Current challenges include the increased frequency and severity of natural and manmade disasters; the heightened diplomatic, military and humanitarian demands on the United States; and the destabilizing potential of HIV/AIDS, corruption, conflicts, and increased numbers of refugees and internally displaced persons.

The integration of the Office of Food for Peace into the Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA) has also brought changes, including the decision that fragile, failed and failing states should be the organizing principle for the Bureau (see box for definitions). This decision raises the question of how the Title II program, which typically has worked in two basic types of environments -- emergencies and non-emergency or development environments – fits within this new optic.

The Farm Bill makes the emergency and non-emergency or development distinction, and this is the way that the Office of Food for Peace has been organized since the mid-1990s. However, concern has been growing about the utility of making such clear distinctions between emergencies and non-emergencies. For example, the 1995 "Food Aid and Food Security Policy" recognized the need to develop a better understanding of the relationships between relief and development; the FAFSA talked about the need to develop a relief-to-development strategy that "recognizes the oscillatory and coincident nature of most relief and development transitions"; and, the USAID Administrator makes frequent reference to "developmental relief."

C. Policy Environment

The Title II program operates within a complex policy environment that is influenced by numerous U.S. government and external stakeholders, with common and differing interests.

External Stakeholders -- The PL 480 food assistance program has enjoyed substantial support over the years from a unique combination of political, agricultural, commercial and civil society interests. Supporters include farmers; other agricultural interests such as food processors and producers of nutrient supplements, transporters and shippers; and private voluntary organizations. These groups have had a powerful influence on the Title II program, working together to expand the size and complexity of the program.

These stakeholders also have unique and sometimes differing interests, many of which are reflected in the legislation and in the manner in which the program is implemented. The most recent example of these diverging interests has resulted from the large increase in monetization in the last few years. USAID and the PVO community supported the expansion of monetization under the Title II program as a way to obtain the cash resources needed to achieve the substantive objectives of their programs. Some in the agricultural community, on the other hand, have become increasingly concerned about the effects that this increase is having on their markets. Since bulk commodities are often used in monetization programs because they are easier to market,

DCHA's Definitions of Fragile, Failed and Failing States

Fragile States: States that are at low levels of development, and particularly states that exhibit weak or corrupt governance systems, are "fragile." They are more vulnerable to shocks, such as massive political changes, poor harvests or economic performance, ethnic conflict or natural disasters than are more developed nations with sound democratic governance.

Failing States: Countries in which the government is steadily losing the ability to perform basic functions of governance and is losing legitimacy are characterized as "failing." Present in failing states to varying degrees are conditions that may lead to civil and communal strife, or that may have resulted from such conflict; humanitarian crises, such as starvation and mass refugee movements; and increasing criminality and widespread corruption.

Failed States: State failure is a slow process of decay ending in the total breakdown of good governance, law and order. The basic functions of the state are no longer performed. As the decision-making center of government, the state is paralyzed and inoperative; laws are not made, order is not preserved, and societal cohesion is not enhanced. It cannot assure its territorial integrity nor provide security for its citizens. It has lost legitimacy, and therefore, its right to command and conduct public affairs. As the government superstructure implodes, the societal infrastructure breaks down as well. Power moves to the periphery, to clans or tribes, which then becomes the primary source of identity. (From Zartman's *Collapsed States*)

agricultural processors have become concerned about the decline in the amount of processed foods being used in the program and in the reduced predictability of purchases of their products. Exporters also have become increasingly concerned that these high levels of monetization could be displacing commercial sales. These concerns have registered with Congress and in the Administration.

Congress and the Legislation – The Title II program, which is authorized by the Farm Bill, has a very different legislative history than the rest of the foreign assistance program. The program is under the jurisdiction of the agricultural committees in the Congress and, its budget is included in the budget of the Department of Agriculture, although the budget totals are now included in the 150 (international affairs) account.

Although Congress originally created the PL 480 food assistance program in 1954 as a way to use U.S. agricultural surpluses, over the years legislative amendments have given the program a more development orientation. The 1990 Farm Bill heralded a number of important changes, including making improved food security the over-riding objective of the program. In the 1990 Farm Bill, Congress also called for increased coordination and integration of food aid with U.S. development assistance, and facilitated this integration by giving USAID sole responsibility for managing the relief and economic development programs (i.e., Title II and Title III).

Since then, Congress has also added provisions that recognize the increased costs of managing the program and the need for complementary resources to effectively carry out food aid-related development activities. The 1986 legislation introduced the process of monetization into the Title II program, as a means of making additional cash available for transporting and handling commodities. The 1990 Farm Bill increased the monetization minimum to 10 percent of the total value of non-emergency commodities and expanded the uses of these proceeds to include income generation, health, nutrition and agricultural activities. The 1996 Farm Bill raised the minimum to 15 percent.

Over the years, additional provisions have enabled USAID to use more of its budget directly to support costs associated with specific program operations. The 1990 Bill, for example, authorized USAID to use part of its total budget to provide dollar grants to the cooperating sponsors (not less than $10 million or more than $13.5 million per year), which they could use to pay for administrative and support costs. These amounts were increased in 1996 and expanded to include in the World Food Program. The 2002 Bill converted the specific amounts to percentages -- not less than 5% or more than 10% of the total program budget. Given the size of the program, this will result in an amount that is considerably above the fixed dollar amounts specified earlier. The 2002 legislation also authorizes USAID to use some of its budget to pay for internal transportation, shipping and handling (ITSH) for non-emergency programs in least developed countries, extending a provision that was already available to emergency programs.

Over the years, numerous amendments have been added to the legislation, often at the behest of stakeholders. These amendments, some of which USAID has argued are inconsistent, have added to the complexity of the program. These include the minimum

and sub-minimum, value added, and management reforms[3]. The 2002 Farm Bill also extended the authorization of the program to 2007, eliminated the $1 billion cap on spending for Title II and expanded the program objectives to include "conflict prevention."

The Executive Branch – The President's Management Agenda, published by the Bush Administration in 2001, identified the USG food assistance program as a reform priority. The Administration created an interagency committee, chaired by the National Security Council, to undertake a review of the entire U.S. food program, Title II included. The review proposed the following reforms:

- Making the direct feeding of genuinely hungry populations the primary goal of USG food assistance programs
- Reducing bureaucratic duplication and inefficiency in Washington and overseas
- Reducing the proportion of the total food aid program that relies on unpredictable surplus commodity availability
- Improving safeguards to avoid any potential displacement of U.S. or third country commercial sales

The amount of food made available through the USDA-managed surplus disposal program [Section 416 (b)] expanded dramatically during the latter part of the 1990s. The Administration proposed eliminating this expanded program to reduce the proportion of the total food aid program that relies on unpredictable commodity surpluses and to gain more control over the budget. The elimination of this program, however, has also meant a decline in the overall amount of food aid resources available and has resulted in additional pressures to re-direct Title II non-emergency program resources to emergency programs.

USAID Policies and Priorities – The 1992 definition of food security and the 1995 "Food Aid and Food Security Policy" (discussed earlier) continue in effect as the basic Agency-level policy documents for the program. USAID remains committed to better integrating the Title II program with other Agency programs. With the inclusion of the Food for Peace Office within the Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA), there is a need to integrate the food assistance programs within the DCHA strategic framework and strengthen the links with the other DCHA programs. The Title II program will be expected to help DCHA address the problems of "fragile, failed and failing states," which DCHA has identified as a central organizing principle for the Bureau in its "Planning Framework for 2003-2008." The Administrator's concern that there be "No famines on my watch" is also a priority for FFP, which will also have a role

[3] The legislation establishes a minimum quantity of commodities that have to be programmed each year and a second minimum (referred to as the sub-minimum) for the quantity of commodities that are required to be used in non-emergency (development) programs each year. The legislation also requires that 75% of the quantity of commodities required to be distributed each year must be in the form of "processed, fortified or bagged commodities."

to play in supporting new USAID initiatives to "Cut Hunger in Africa" and its "Expanded Response to HIV/AIDS."

IV. Food for Peace's Strategic Direction

A. FFP's Vision, Mission and Governing Principles

As a first step in developing its new strategy, the Office and its partners articulated the following vision and mission statements and principles. Although new, these statements articulate core values that FFP and its partners and other stakeholders have long shared. The vision of a world "free from hunger" has been a core value since the beginning of the program in 1954, as has the vision of a world where "people live in peace" -- hence the "food for peace" label. The mission statement also contains references to longstanding themes: the program as an expression of the "compassion and good will" of the American people, the mobilization of "America's resources," and the prevention of famine.

Vision

> *The USAID Food for Peace Program envisions a world free of hunger and poverty, where people live in dignity, peace and security. (November 12, 2002)*

Mission

> *The USAID Office of Food for Peace and our partners work together to reduce hunger and malnutrition and assure that all people at all times have access to sufficient food for a healthy and productive life. We are committed to contributing to the achievement of the Millennium Development Goal to cut world hunger and poverty in half by 2015.*
>
> *Expressing the compassion and good will of the people of the United States, Food for Peace mobilizes America's resources to predict, prevent, and respond to malnutrition and potential famine overseas. Our programs address the root causes of food insecurity, poverty and conflict in emergency and development situations and in transitional periods of instability. FFP programs help minimize the long-term need for food aid by strengthening the capacity of developing societies to ensure access to food by their most vulnerable communities and individuals, especially women and children. (November 12, 2002)*

Principles

In dealing with communities, we will strive to uphold these program principles:

- *Do no harm in the process of providing food or other assistance resources.*
- *Strive to keep the interests of the beneficiaries at the center of the FFP program.*
- *Adhere to the highest standards of human rights and dignity in our provision of assistance.*
- *Provide access to food to those in greatest need in an impartial manner, without bias or prejudice.*
- *Enable communities to find durable means to meet their own needs.*

In dealing among ourselves as Title II partners, we will strive to uphold these operating principles:

- *Keep our vision and mission at the heart of our daily operations.*
- *Be respectful and make full use of our complementary strengths and contributions toward achieving our strategic objective.*
- *Be fair and accurate in our assessment of need and its representation within USAID and the U.S. government.*
- *Be open, sensitive, and transparent in developing and implementing policies and program directions.*

B. Key Assumptions

The Office of Food for Peace holds the following assumptions about the Title II program environment during the new strategy period:

- Despite declining support for food assistance programs among other donors, support for the Title II program will continue among the U.S. public and its external stakeholders. Further, resources available to the program are likely to continue to grow at a modest rate assuming there are no major emergencies such as in FY2003.

- Food aid resources will continue to be needed for emergencies due to manmade and natural disasters. This will require FFP to continue to make the case for using food resources in non-emergency (development) settings to help vulnerable groups enhance their capacities and coping abilities and to reduce the likelihood that they will need emergency assistance in the future.

- The U.S. and global economies will not undergo major contractions during the strategy period.

- The negotiations underway in the WTO will not impact negatively on the implementation of the Title II program.

C. An Expanded Conceptual Framework

One of the most important outcomes of the technical analyses and consultations underlying the new strategy was the elaboration of a new conceptual framework. The conceptual framework for the "Food Aid and Food Security Policy" of 1995, with its focus on food availability, access and utilization, provided a good underpinning for the new directions that were given to the program at that time. And, it is still a useful place to start. However, this basic framework does not provide a way to take into account the vulnerability of countries, communities and households to risk -- a shortcoming that seems particularly serious in retrospect, in the aftermath of the many natural and manmade disasters that characterized the 1990s. The concept of risk is implicit in the definition of food security. That is, the inclusion of the phrase "at all times" in the definition suggests that food security can only be achieved when the risk of falling below adequate levels of availability, access and utilization is very low. Operationally, however, the focus has been on increasing the levels of food availability, access and utilization – with less emphasis given to the risk of losing the ability to obtain and use the food. This will change under the new strategy, with more attention paid to addressing food insecurity through a focus on reduced vulnerability and risk.

Understanding vulnerability. Vulnerability can be thought of as the inability to manage risk. When countries, communities and households are unable to cope effectively with shocks or hazards, in fact or potentially, they are vulnerable and potential candidates for assistance. Reducing exposure to risks, such as shocks that affect the many (e.g., droughts or floods) or shocks that affect the individual (e.g., death of the head of a household) can help reduce vulnerability. Increasing the ability to manage risks also reduces vulnerability. (See Annex for a further discussion of vulnerability and its relationship to food secure, fragile, failing and failed states).

All states are subject to shocks – occasional and recurrent. What distinguishes a food secure state from fragile, failing or failed states is its ability to cope with these shocks. The level of economic development has a major influence on a country's ability to cope. Wealthier countries normally cope better with shocks than poorer countries, but wealth or income alone is a poor indicator of vulnerability. Other political, social, and economic factors also are important. States where large inequities in incomes and assets (access to resources) exist are likely to be more vulnerable, as are states with large ethnic populations (also religious groups) that are not well integrated economically, politically or socially. Weak institutions, or the absence of key institutions, also increase vulnerability, as does poor governance. Armed conflict can also be an indicator as well as a consequence of the failure of countries to deal effectively with shocks, and it also increases the vulnerability of countries, communities and households to future shocks.

High levels of chronic malnutrition also are an indicator of the vulnerability of countries, communities and households to shocks. During emergencies the focus is on acute

malnutrition -- i.e., people who are wasted (too thin for their height). This form of malnutrition is a serious problem because individuals that are severely wasted, particularly young children, can easily die. But chronic malnutrition, which is the term used to describe people that are stunted (i.e., too short for their age), can also be a serious problem. Chronic malnutrition reduces people's ability to cope because it reduces their productivity while increasing their vulnerability to illnesses. Children who are chronically malnourished are also more vulnerable to illness and death. In addition, when chronic malnutrition affects children early in life (between six and 24 months), it will also reduce their ability to cope as adults, make them more vulnerable to chronic illnesses throughout their lives, and impair their motor skills, cognitive abilities and productivity.

This argues for paying special attention to populations suffering from chronic malnutrition. The children in these populations are close to the edge; a shock that reduces household food availability, whatever the cause, could quickly turn chronic malnutrition into acute malnutrition, leading to illness and death. But high rates of chronic malnutrition among young children should also be addressed before shocks occur, because of the pernicious affect that it has on their ability to cope as adults and the negative effect that this can have on the economic, social and political development of their communities and countries.

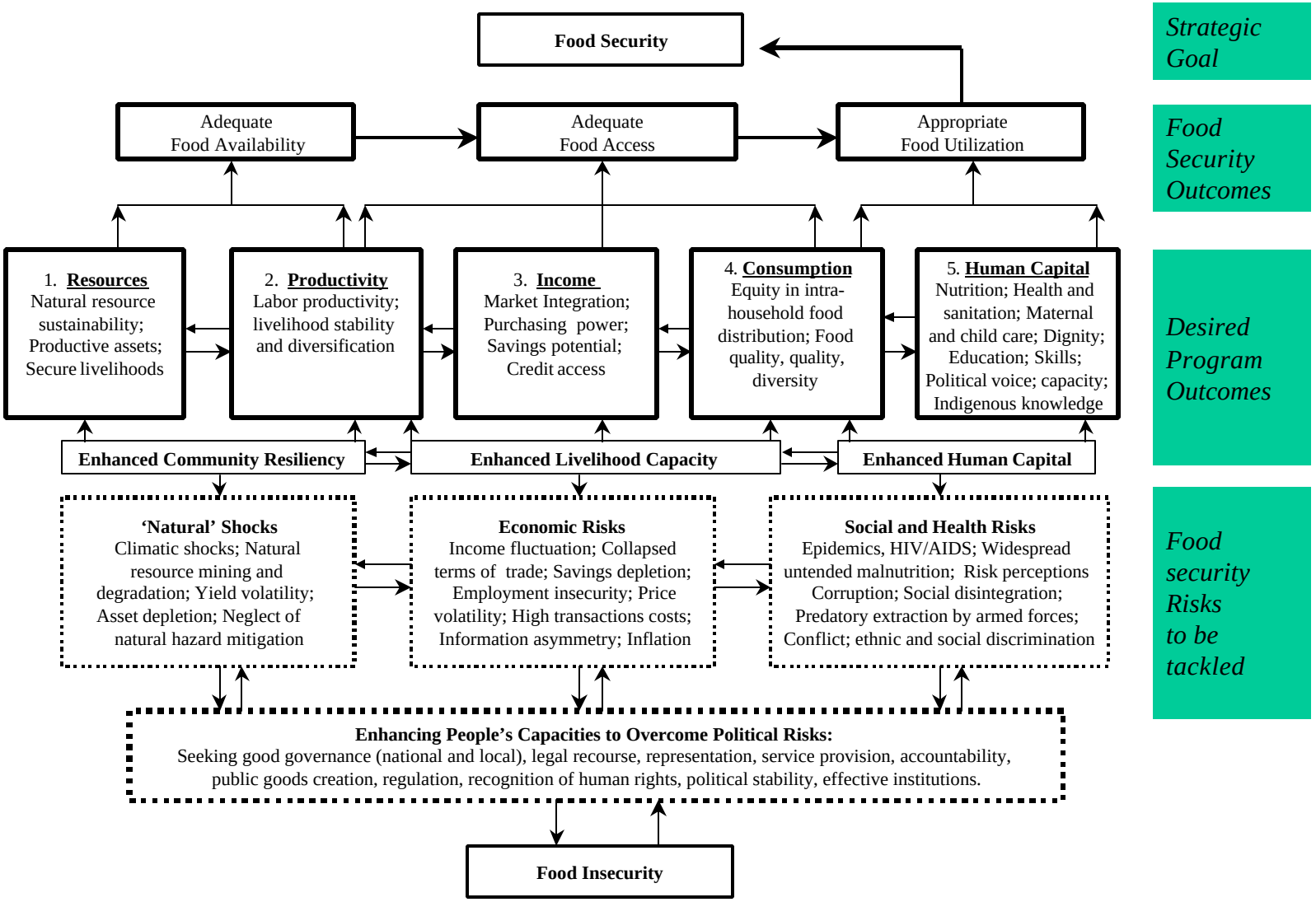
This focus on vulnerability helps clarify the rationale for assistance prior to, as well as during and immediately after, a shock. Countries, communities and households will need assistance when they are in the midst of an emergency, overwhelmed by a shock (e.g., a hurricane, drought, or financial or political crises). But for the more vulnerable, assistance *prior* to major shocks is also needed to help them take preventative actions to reduce risk, increase coping capacity and reduce the likelihood that they will be overwhelmed by the next shock and need emergency assistance.

Adding vulnerability and risk to the basic food security framework. Conceptually, focusing more on the ***"in"*** in food insecurity requires that the basic food security framework be expanded to include a fourth pillar – risk – which makes explicit the risks that constrain food availability, access and utilization. Operationally, this will mean reorienting programs so that the vulnerability of food insecure households and communities is addressed more directly, focusing more on prevention and helping countries, communities and households cope or manage risk better. This expanded framework is laid out in Figure 1, where the basic food security framework is presented in the upper part of the diagram, with the desired food security outcomes leading to the goal of improved food security. The risks that must be tackled to achieve food security are presented in the bottom part of the diagram.

The expanded conceptual framework demonstrates how understanding risk is essential to understanding the concept of food security – it underlies everything. Unmanaged risk leads to food insecurity, while managing risks can protect and enhance food security.

Risks, as the expanded framework makes clear, come from many sources. Food supply can be affected by climatic fluctuations, depletion of soil fertility, for example, or the loss

Figure 1: An Expanded Conceptual Framework for Understanding Food Insecurity



of a household's productive assets. Access to markets can be disrupted by changing global terms of trade, a disruption of markets during crises, or risks stemming from the insecurity of non-farm incomes. Food access can be negatively affected by physical insecurity stemming from conflict, for example, loss of livelihood or coping options (such as border closings preventing seasonal job migration) or the collapse of safety-net institutions that once protected people with low incomes. Food utilization is often impaired by epidemic diseases, lack of appropriate nutrition knowledge or socio-cultural practices that affect access to nutritious foods according to age or gender. Political risks, including the lack of good governance, can exacerbate natural, economic, social and health risks.

The expanded conceptual framework encourages a stronger emphasis on livelihoods and assets, and the need to support consumption indicators and invest in nutrition, education and skills development, roads and other public works, and social capital. It also encourages a greater focus on prevention, including prevention of damage to physical assets and livelihoods. The focus on prevention also has a generational dimension, encouraging early investment in infant nutrition to prevent malnutrition. The expanded framework also provides a logic for providing emergency assistance to food secure states, as well as emergency and non-emergency assistance to fragile, failing and failed states. In addition, it incorporates a rationale for responding to HIV/AIDS and for interventions targeted to food insecurity in urban areas, if analyses of risk and vulnerabilities indicate that these are the areas where the new priorities lie.

D. A New Strategic Framework

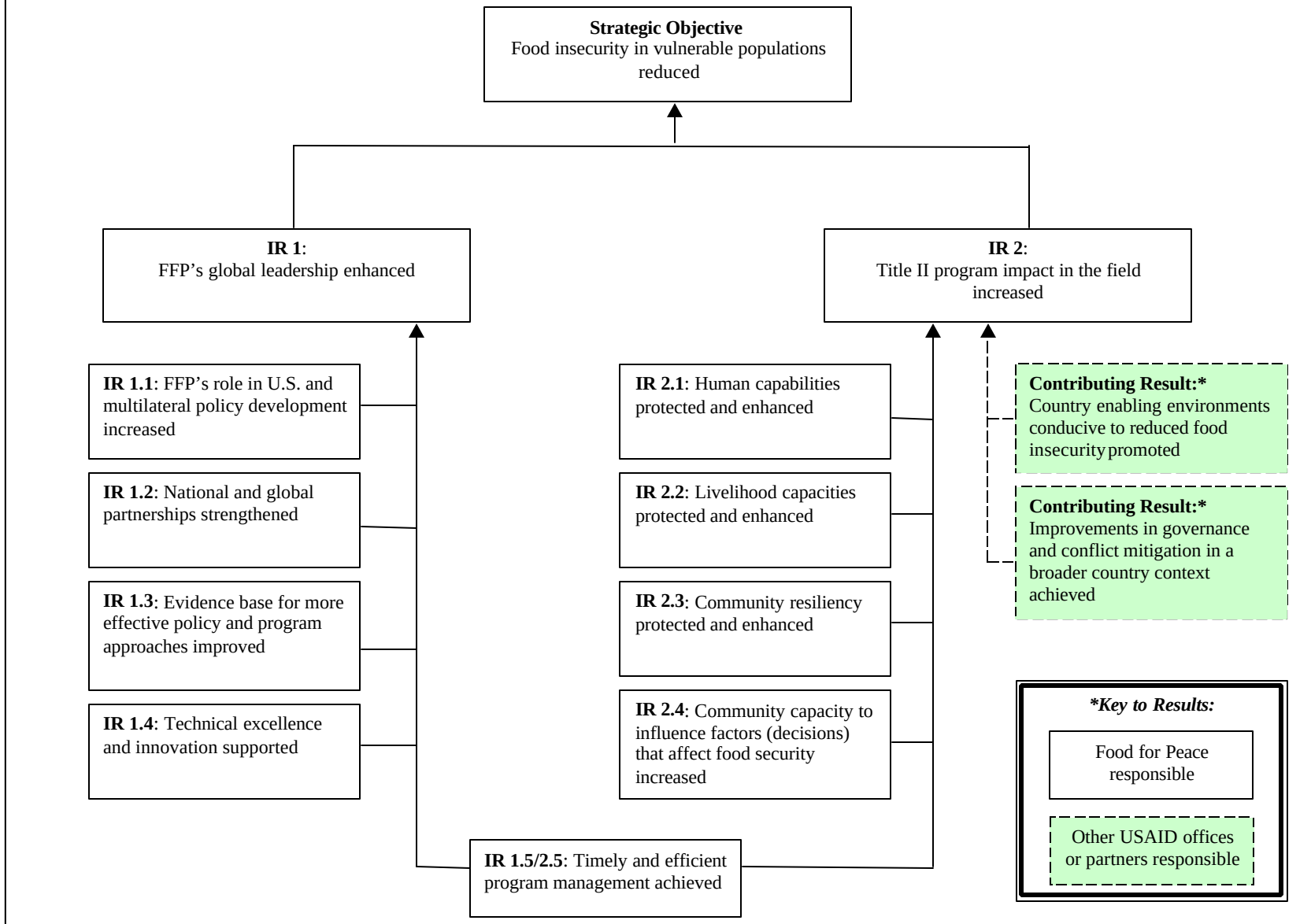
The proposed new Strategic Objective: *Food insecurity in vulnerable populations reduced*

The Office of Food for Peace proposes to focus it efforts during its next five-year strategy period on the reduction of food insecurity in vulnerable populations (See Figure 2). This formulation represents a significant change from the 1997-2001 strategic framework, which has separate objectives for the emergency and non-emergency (or development) programs.[4] It also represents a clear choice on the part of FFP to focus on higher order results that will have resonance with a wide audience, even though the achievement of these results will require the Office to commit itself to a more active leadership role in the future.

The new strategic framework is based upon the expanded conceptual framework discussed above, which argues for the need to address the ***"in"*** in food insecurity. The

[4] The 1997-2001 strategic framework has two SOs. SO #1 is *Critical food needs of targeted groups met* and SO #2 is *Increased effectiveness of FFP's partners in carrying out Title II development activities with a primary focus on household nutrition and agricultural productivity*.

Figure 2: FFP's Proposed Strategic Framework



decision was made to frame the new SO in terms of reducing food insecurity (rather than increasing food security), because this formulation automatically puts the focus where it should be, on those populations already food insecure or vulnerable to food insecurity.

Several options were considered prior to the selection of this formulation, including a strategic objective (SO) related to the food security results achieved by the FFP programs in the field, an SO focused on improving the capacity of its implementing partners to achieve results, and an SO focused on office management processes. The option that is being proposed succeeds in capturing dimensions of all three of these alternatives.

Definitions

Vulnerable populations – people who are at risk of food innsecurity because of their physiological status, socioeconomic status or physical security. Also people whose ability to cope has been temporarily overcome by a shock.

Physiological status – includes people who are malnourished, suffering from HIV/AIDs, pregnant and lactating women, children under two.

Socioeconomic status – includes the poor (those who by definition do not have sufficient income to purchase an adequate diet and other basic necessities) as well as those who suffer from economic and social discrimination due to ethnicity, gender or other characteristics, and many who live in environmentally marginal regions.

Physical security – includes refugees, internally displaced persons (IDPs), victims of war.

FFP also sees an advantage in having one strategic objective that encompasses both the emergency and development programs. The hope is that this new formulation will help break down artificial distinctions between the emergency and development programs – distinctions that have encouraged the stovepiping of these programs. FFP also believes that the single SO focused on reducing vulnerability is more aligned with the Administrator's vision of "developmental relief." The focus on vulnerability will make it easier for emergency programs to incorporate activities that address the underlying causes of emergencies and for the development programs to incorporate activities that will help vulnerable people improve their ability to prevent and cope with future emergencies.

FFP's proposed strategic framework includes two intermediate results (IRs) – one on global leadership and a second on program impact in the field. This formulation is consistent with the view prevailing within senior DCHA management that the Bureau plays a dual role, providing intellectual leadership in its substantive areas of influence and implementing large programs in the field. (See the DCHA goals in Figure 3 indicating how these dual responsibilities are being conceptualized at the Bureau level.) The single FFP strategic objective will directly contribute to USAID's humanitarian assistance goal – *Lives saved, suffering reduced, and conditions for political and*

economic development re-established (See Figure 3)**.** It will also contribute to DCHA goals, especially the first goal -- *Long-term development enhanced through integrated high impact DCHA interventions, particularly in countries affected by crisis, conflict and food insecurity.* Because of the Title II program's strong emphasis on improving household nutrition and agricultural productivity, particularly in the development program, FFP also makes direct contributions to Agency goals in the areas of health and economic growth and agriculture. FFP expects that these contributions will continue under the new strategic framework, as indicated by the separate line that links the proposed SO with the Agency-level SOs in the global health and economic growth and agriculture pillars.

Intermediate Result #1: *FFP's global leadership enhanced*

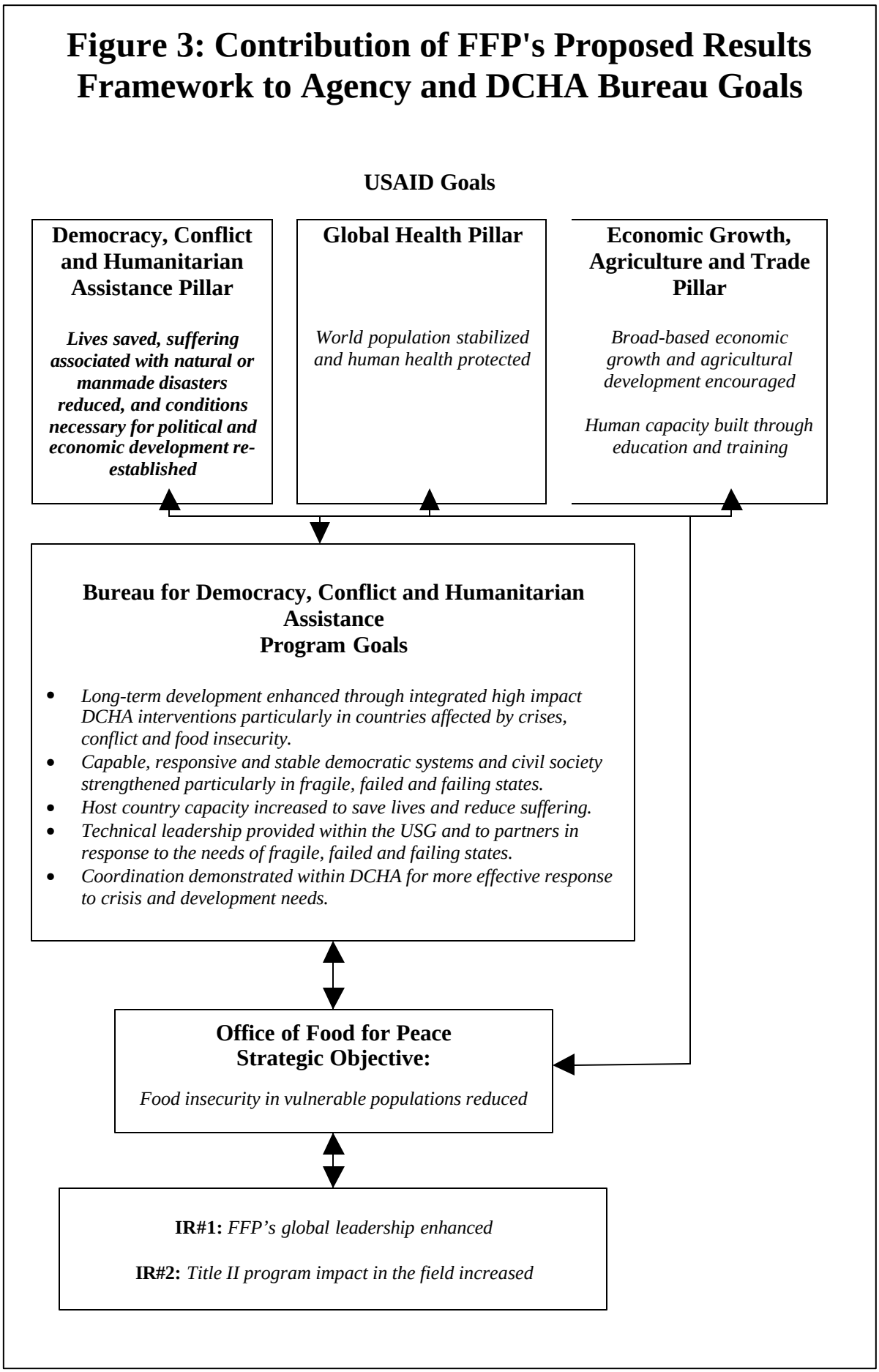
This intermediate result adds a major new dimension to the Office's strategic framework, which previously focused primarily on the implementation of FFP programs in the field. This IR reflects FFP's interest in playing a more active role in framing a new food security agenda. It also recognizes that FFP will need the strategic collaboration of a more active and expanded set of partners in order to reduce food insecurity. Increasing the impact of Title II programs in the field (IR #2) is important to the achievement of the SO, but USAID and its PVO partners cannot do it alone. The World Food Programme (WFP) also plays an important role, using USG and other donor resources. FFP also needs to be more active in galvanizing increased attention and resources from other USG sources and other donors to the problems of the food insecure – those living with chronic food insecurity as well as those living in the midst of an emergency.

In addition to helping mobilize additional resources, this IR will also facilitate the integration of resources, promote more synergies and help insure coherence among interventions and programs. And, it will contribute to better programs overall by facilitating the adoption of standards and best practices. USAID, as the leading food aid donor, has the obligation and the opportunity to make its own programs the best they can be and to influence the quality of food aid and food security programs globally.

Of course, the Office already plays a role in U.S. and global deliberations on food security and food aid issues. The advantage of this new formulation is that it integrates these types of activities, including those related to U.S. policy and relationships with the WFP, into a comprehensive framework. The leadership IR also will facilitate coordination and linkages with other DCHA offices, thereby supporting DCHA's coordination goal. Plus, it will enable better collaboration on food security issues within USAID with other pillar and regional bureaus and facilitate mobilization of the complementary inputs that are so important to the achievement of IR 2 – Title II program impact in the field increased.

The new Results Framework includes a set of outcomes (sub-IRs) that the Office will need to achieve in order to reach the global leadership intermediate result. The first two sub-intermediate results relate to the fora in and through which the Office plans to act; the second two IRs reflect the need for intellectual content to legitimize FFP in these fora. All four are mutually reinforcing.

Figure 3: Contribution of FFP's Proposed Results Framework to Agency and DCHA Bureau Goals



To expand its leadership in a global environment, the Office will have to increase "its own role in U.S. and multilateral policy development" (Sub-IR#1.1) and work to strengthen its "national and global partnerships" (Sub-IR#1.2). Recognizing that leadership is more effective when supported by knowledge and experience, the Office has also identified the importance of "technical excellence and innovation" (Sub-IR #1.4) coupled with policies and programs that are "evidence-based" (Sub-IR #1.3) as contributors to the success of this IR. In other words, substance will give FFP the direction and legitimacy it will need to perform a more effective role in "U.S. and multilateral policy development" and to strengthen its "national and global partnerships." These fora and partnerships are necessary for the Office to expand the impact of its knowledge and expertise beyond its own programs.

What the latter two IRs mean in terms of specific activities, including the outline of a research agenda, and the types of activities that the Office will consider using to support the development of technical excellence and innovation among its partners will be developed in more detail in the strategy. Additional information on key fora, the issues to be pursued in these fora, FFP's role vis a vis other DCHA and USAID offices and the partnerships to be emphasized and illustrative activities to be undertaken under Sub-IRs #1.1 and #1.2 also will be provided in the strategy.

The Office also has identified a fifth sub-intermediate result, the "timely and efficient management" of its own programs, which FFP sees as contributing to both intermediate results. This sub-IR, which is situated at the bottom of the framework, is labeled sub-IR 1.5 and sub-IR 2.5 and has lines connecting it to both IRs. This sub-IR legitimizes the Office in international fora, and is necessary to increase the impact of FFP field programs. Actions under this sub-IR include more timely issuance of guidelines, timely and transparent approval of proposals, timely processing of commodity requests, and improved financial and commodity management.

Intermediate Result #2: ***Title II program impact in the field increased***

The second IR reflects FFP's decision to reorient the Title II program to focus on enhancing the ability of individuals, households and communities to cope with shocks in order to reduce their vulnerability. The first three sub-intermediate results are based on the expanded conceptual framework, which identified three categories of actions to help increase coping capacity – actions designed to:

- Enhance human capabilities
- Enhance livelihood capacities
- Enhance community resiliency

FFP has added the concept of "protection" to the strategic framework in order to capture an important function of the Title II program during emergencies, when protecting lives, livelihoods and community resiliency is the first concern. However, in both an emergency response as well as a non-emergency response, the ultimate objective is to

leave people and communities better off – to "enhance" human capabilities, livelihood capacities and the resilience of communities.

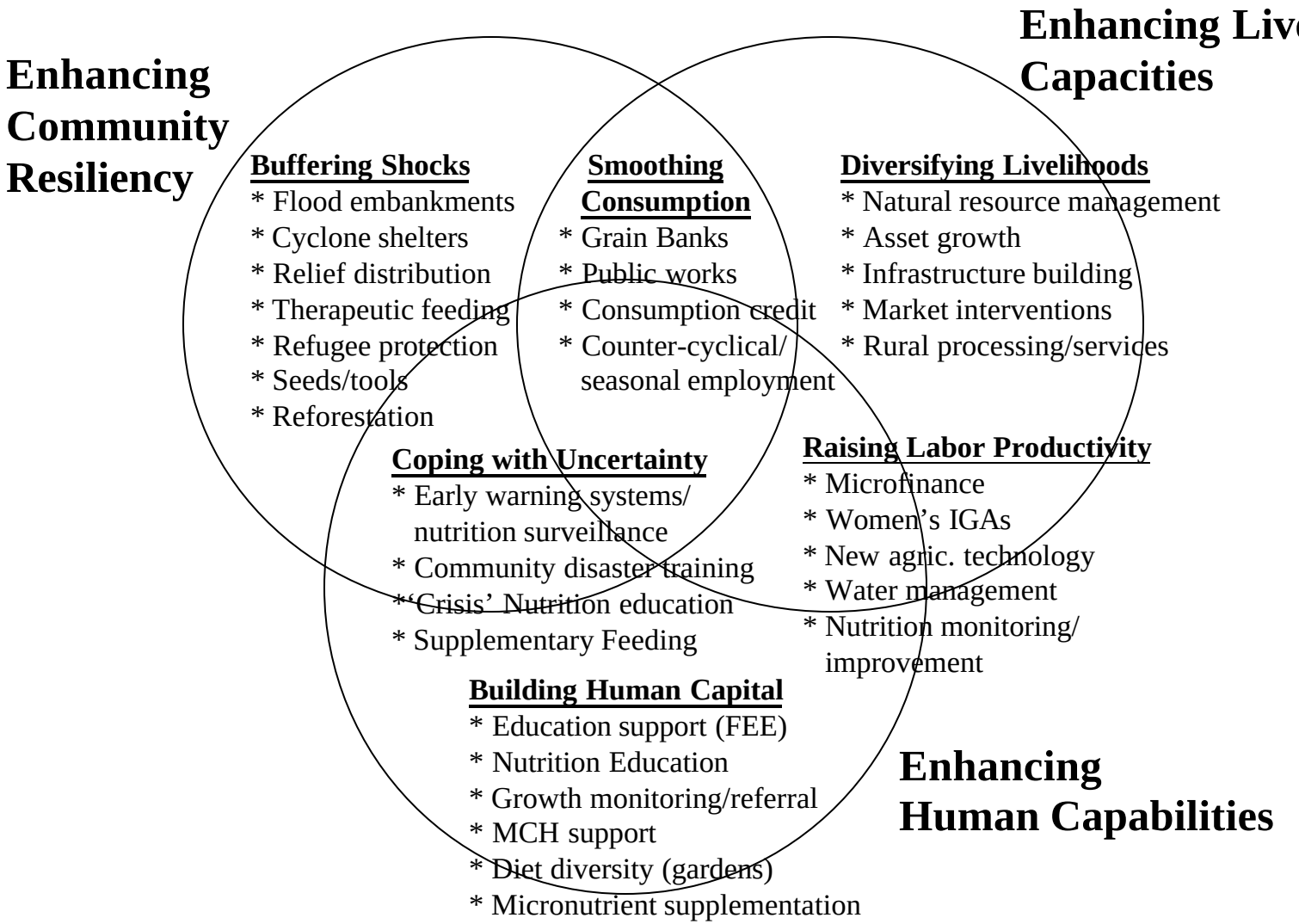
Examples of activities that might be undertaken to achieve these sub-intermediate results are provided in Figure 4. These are illustrative, and they will be refined and information on how they can be structured to help reduce risk and vulnerability will be provided in more detail in the strategy.

Most of these activities are already included in current Title II programs. What is different under the new strategic framework is that these actions are expected to address the vulnerability of food insecure households and communities more directly. In other words, most of the activities that are included in current Title II programs will continue to make sense. But, these activities will need to be re-oriented to focus more on helping people manage risks and opportunities better. For example, a focus on agriculture will still be an important component of food security programs in rural areas, but under the new strategy, more emphasis will be given to activities that help reduce risk and vulnerability. This includes more emphasis on the construction of cisterns and irrigation systems to help farmers manage their water resources better and reduce the risk of crop losses to drought. Agricultural technology transfer programs will focus more on reducing production risks, e.g., through the dissemination of new seeds and agricultural practices selected because they are more drought and pest resistant as well as higher yielding. To help families reduce the risk of running out of food during the lean season between harvests, more agricultural programs will include the dissemination of improved storage technologies and practices. And, crop and income diversification activities will receive added attention under the new strategy because supporting more diversified livelihoods is an important risk reducing as well as income increasing strategy.

In the context of the new strategic framework, food can be seen as having an immediate impact – protecting lives and smoothing consumption. But food can also have a more lasting impact -- to enhance communities' and households' resilience to shocks, to help people build more durable and diverse livelihood bases (enhancing assets, resources and infrastructure), and to enhance the capabilities of individuals through improvements in health, nutrition and education. In other words, while there are immediate welfare benefits to these types of food aid-supported activities, these activities also provide opportunities to increase the ability of communities, households and individuals to cope with risk in the future. This means that food-supported activities need to be seen as a means to reduce vulnerability over the longer–term and not merely as an end in themselves, even in an emergency environment.

The adoption of this new strategic framework does not mean a shift away from "development" to "emergency" responses. What it will require, however, is a reorientation of both the emergency and development programs so that the risks inherent in the development process are more fully understood and addressed. On the development side, it means becoming more shock conscious and paying more attention to prevention and the sustainability of progress within shock prone environments. In emergency settings, this means becoming more development conscious in order to help

Figure 4: Examples of the Types of Activities that Might Be Used to Address Food Insecurity



people cope better with the next crisis. For this reason, FFP believes the new strategy is well aligned with the concept of developmental relief. The adoption of this new strategic framework also will require utilizing early warning approaches (such as the Famine Early Warning System (FEWS)) and integrating vulnerability assessments across the board in all programs.

The importance of improved governance, another priority within DCHA and Agency programs writ large, is also reflected in the new strategic framework in Sub IR#2.4, which refers to the need for communities to have greater "capacity to influence factors (decisions) that affect their food security." This will include activities designed to strengthen communities' capacities to organize, plan, implement and represent their interests in broader fora. Here the focus is on the community level, because that is the level at which most of the Title II partners work. FFP also recognizes that there will be occasions when the Office and its partners can usefully work at higher levels such as the district, provincial and even at the national level.

Normally, however, FFP and its Title II cooperating sponsors rely on other partners – USAID missions, other USAID offices and other donors – for improvements in the enabling environment, at the national level in particular, that will help increase the impact of FFP programs. In order to give explicit recognition of this broader context in which the Title II programs work, the new results framework includes two contributing sub-intermediate results. The first underscores the importance of the broader enabling environment, which includes both economic and social policies. The second reflects the positive impact that "improvements in governance and conflict mitigation in a broader country context" can have on the program. These two contributing IRs are shaded, with a dotted line connecting them to the intermediate result. This indicates that other USAID operating units and other donors will be responsible for achieving these results (as noted in the box labeled "Key to Results"). By recognizing these contributing results in its new strategic framework, FFP also reinforces the importance of strengthening the linkages identified in Figure 3 with other offices in DCHA and the economic growth and agriculture and global health pillars.

E. Approaches

Using food in direct distribution programs -- Food ***is*** the basic resource that is available to the program. FFP expects to be able to place greater emphasis on the direct distribution of food under its new strategic framework. Food aid is a resource that can be sold, as well as conveyed in kind. What differentiated the Title II program from the Title I and Title III programs (which are basically government to government sales programs) for many years was its use of food in direct distribution programs. Sales of food, under the right circumstances, can be structured so that the sale itself will have a food security impact, through helping to strengthen a country's food markets, for example. Some argue that this also is a good example of the use of food to further food security objectives. But in the majority of cases, monetization has had its greatest impact on food security through the activities that are funded with the proceeds from the sales of the commodities.

The use of food in on-site feeding programs during humanitarian relief efforts is the use that is probably the best known to the general public. But, as emphasized elsewhere in this paper, food can also be used to help people in need in non-emergency situations – to help improve the diets of the chronically food insecure and to smooth the consumption of those facing bouts of transitory food insecurity that do not reach the level of an emergency. FFP will continue to emphasize this use of food.

FFP will also emphasize using food in ways that have positive impacts beyond the immediate act of feeding – in both the emergency and non-emergency (development) programs. Reorienting the program to emphasize helping communities and households reduce their vulnerability to food insecurity, the focus of the new conceptual framework, is expected to expand opportunities for using food in distribution programs. Protecting and enhancing assets – both physical and human – becomes key under this new strategy to help communities, households and individuals increase their ability to cope with risks/hazards. Food-for-work programs, which in the past have been hard to integrate into programs focused on increasing agricultural productivity, if implemented in ways that follow best practices, are tailor-made for helping communities and households protect and enhance their physical assets. In addition, there is growing evidence that take home rations tied to specified behaviors such as participation in health and nutrition education programs, for example, and/or keeping a child in school are effective approaches to enhancing human capital.

Food is a unique resource and one that is complex and costly to manage, with extensive and detailed rules, regulations and procedures affecting its purchase, shipping, handling, storage, and delivery. Basic to meeting the objectives of the program, for example, is the requirement that the right food be shipped and delivered at the right time to the right people in the right place. However, the legislation also requires that the food be delivered in such a way that it does not disrupt local markets, depress local prices, or discourage local agricultural production. This makes the task of managing the food resource even more complicated. Among the food management items on FFP's agenda during the new strategy period will be the more timely processing of commodity requests, and improvements in the commodity management system.

Issues related to the appropriateness of specific foods, their safety, quality, and nutritional value are another dimension of the uniqueness of the food resource. In the last several years, the Office has worked with USDA to develop improvements in assuring the quality of fortified foods. During the new strategy, FFP will continue to work with a range of partners, including the Global Health Bureau, USDA and the private sector, to develop new foods designed to be more responsive to the needs of specific vulnerable populations. These initiatives will include the development of foods for use by displaced people in emergencies, the development of therapeutic milk for use in therapeutic feeding centers and the development of new foods for use by people living with HIV/AIDS (see discussion below). The Office also expects to continue to deal with the controversies surrounding the use of foods that include genetically modified organisms (GMOs).

Another challenge will be learning how Title II food resources can help vulnerable people deal with the impact of HIV/AIDS. Creative new approaches are needed to ensure that food transfers will be used to their best effect in buffering the economic costs of the infection to households without stigma and without high administrative screening costs. The role of food in providing nourishment that helps protect against or delays the progress of the disease itself is another issue that remains highly political and poorly understood empirically. This too is an area in which the Agency will need to invest in documenting impacts and best practices.

Combining food with other resources – Mobilizing sufficient non-food resources to complement food aid will be one of FFP's greatest challenges under the new strategy. These complementary resources are critical for the achievement of the new Strategic Objective. Fortunately, the 2002 legislation will enable USAID to increase the amount of dollar funding the Agency can make available to partners to pay for administrative and support costs and for internal transportation, shipping and handling costs for development programs in the least developed countries. The Office will continue to look to monetization as an important source of cash needed to finance the complementary inputs required to insure the effectiveness of the food resource, although the percentage of the development program that is monetized will decline in accordance with the Agency's agreement with OMB.

FFP will continue to make progress in integrating Title II programs with other DCHA and USAID mission programs wherever possible. FFP is already making progress at the mission level, for example in Zambia with a joint Africa Bureau/ FFP assessment of food security conditions and a plan to integrate FFP resources with the mission strategy and resources. FFP will repeat this strategic assessment and integration process in other fragile, failing, and failed states to ensure full strategic and resource integration. The FFP emphasis on maximizing resources through improved integration also will help achieve the DCHA goal of more coordinated, high impact interventions. The Office also plans to undertake a systematic assessment of the constraints to program and resource integration both at the Washington and mission levels leading to a more comprehensive plan of action.

FFP will also explore other creative ways to access additional resources to complement its food resources. For example, food could be combined with complementary resources in a campaign to expand the access of the rural poor to improved water and sanitation, to support HIV/AIDS-affected households, individuals and communities, and to support the Agency's new initiative to "Cut Hunger in Africa." There may also be opportunities to do more to improve the nutrition of young children by combining food with better-targeted and appropriate nutrition messages focused on improving child feeding practices financed with complementary resources from the health sector.

Targeting resources to the vulnerable – FFP will continue to target resources to the most vulnerable regions and countries, and communities within these countries, but the new strategy will utilize different criteria to identify the target countries and populations. These indicators will be more consistent with the focus on food insecurity and

vulnerability in the new strategic framework and DCHA's decision to focus on "fragile, failing and failed states." As already noted, income poverty by itself is not a sufficient indicator of vulnerability to prioritize countries or areas within countries. Nor is the Low Income Food Deficit formulation, which combines an income indicator with a measure of aggregate annual net food exports, neither of which provides much insight into vulnerabilities or risks. Thus, FFP will develop new criteria that take into account a combination of factors, including risk and coping capacity, as well as levels of food security.

The new focus on vulnerability requires targeting resources differently within countries, giving priority to highly vulnerable areas and population groups. Improved targeting will require a greater investment in problem analysis at the local level, and the expanded use of indicators of risk as well as levels of need. Focusing more on risk and vulnerabilities will lead to greater similarities between the approaches used to assess food insecurity in both emergency and development settings. Another advantage is that better problem analysis should result in a better program design, greater synergy, and increased impact. During the strategy period that is just ending, there was a clear focus on rural areas, driven by the agricultural focus of the 1995 policy, as well as analyses of the geographical distribution of food insecurity, which frequently used poverty and malnutrition indicators. With developing countries rapidly urbanizing and urban poverty increasing, there will be cases when strong arguments can be made for supporting urban-based activities. However, increased urban poverty in itself will not cause a structural reorientation of Title II activities away from rural areas if country-specific analyses of risks and vulnerabilities indicate that this is where the priorities still lie.

Building capacity – Enhancing the capacities of the vulnerable – individuals, households and communities – is a central focus of FFP's new strategic framework. Implicit in this formulation and essential to increasing the impact of the Title II program is the need to help build the capacity of FFP partners in the field. Therefore, the Office plans to continue its focus on building the capacity of its partners, expanding the focus to include local cooperators. The commitment to capacity building as an approach is also implicit in the Office's commitment to support technical excellence and innovation. As in the past, FFP will use a combination of approaches, including funding individual cooperating sponsor grants, the development of guidance and standards, the identification of best practices, and training. With more attention being paid to exit strategies and sustainability, building capacity at all levels will be essential in order to maintain the positive changes initiated by FFP programs.

Measuring impact and learning what works – The 1995 policy committed USAID to re-orient its own and its partners' programs to "manage for results." FFP and its cooperating sponsors now report annually on results, and results frameworks are included in all new proposals. The Office and its partners have made considerable effort to adapt a results orientation, with the Office providing technical assistance through the FANTA project with joint funding from Global Health. Generic indicators have been identified, manuals and guidance developed and technical assistance and training provided. As the FAFSA pointed out, however, additional progress is needed in reducing the variability in how indicators are defined, measured and reported; in providing more guidance on data

collection methods, analysis and use; and on improved monitoring of program management.

Some of the current indicators for measuring program impact will be applicable under the new strategic framework, but FFP will need to develop new indicators of coping capacity and vulnerability. Measuring performance under the global leadership IR will probably entail qualitative indicators, such as milestone indicators that identify a combination of specific actions FFP expects to accomplish each year (e.g., assessments, evaluations, guidelines, training programs, special consultations with partners, participation in international fora, new initiatives begun, partnerships developed, policies adopted, etc.).

FFP will also undertake a more strategic approach to evaluations. The IFPRI technical analysis recommended that the Office support some "gold standard" evaluations of key program issues. These might include assessments of the effectiveness of alternative uses of food and alternative approaches to enhancing human capabilities, livelihood capacities and community resiliency. Under the global leadership IR, FFP will participate more in the current empirical debate, for example, by partnering with applied research organizations to update its thinking on key concepts such as vulnerability, targeting, livelihoods, governance, and social capital, and to provide the research community access to operational experiences. There is also a need for credible success stories to maintain continued support for the program at a political level. This will help stimulate a culture of critical empirical inquiry and learning throughout the program. FFP will also take under consideration IFPRI's recommendation that the Office should contribute to helping improve the quality and quantity of information that is available on food insecurity in the world. The basic data – FAO's data on undernourishment – are flawed. Yet these and other flawed data are used to influence major resource allocation decisions. All of these analytical efforts are necessary for the Office to develop the evidence base that is needed for "more effective policy and program approaches."

IV. Management Innovations

This strategic approach calls for major management improvement and innovation. In addition, the 2002 Farm Bill has mandated that FFP shall streamline its program approval and administrative systems and procedures. In order to meet these objectives, FFP has hired a senior management expert with substantial public and private sector food aid management experience and a senior systems and process expert to prepare a plan of action for management improvement and innovation, including greater utilization of electronic systems and procedures to improve Title II operations.

The new FFP strategy will result in greater integration between the emergency and non-emergency programs; better and improved coordination with other DCHA offices and high-impact programs, most notably disaster relief, democracy, conflict mitigation and management, transition initiatives and public and voluntary organization programs; and a fuller integration of FFP programs with regional bureau and mission strategic plans in fragile, failing and failed states.

The full Strategic Plan will provide greater detail on management innovation and improvement and modalities of improved coordination with other DCHA offices and pillar and regional bureaus, once the ongoing assessment of FFP management and operational systems are completed and a plan of action is developed by the independent consultants, and when the Bureau Planning Framework is approved and operational.

V. Projected Resource Requirements

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VI. Participation and Consultation in Strategy Development

The Office of Food for Peace has adopted an open and participatory approach to the development of its new strategy. In the spring of 2002, FFP created a working group to oversee the development of the strategy. This group has enjoyed broad participation from within FFP as well as other USAID offices (DCHA's Office of Program, Policy and Management and the regional and pillar bureaus), FFP's contractors (its Institutional Support Project and the Food and Nutrition Technical Assistance Project) and cooperating sponsors.

This working group also was able to solicit inputs from a much broader set of partners, USAID mission staff in particular, during the June 2001 worldwide Food for Peace Conference. More than 200 participants attended the three-day conference, representing an array of stakeholders: USAID (FFP/Washington, the regional bureaus and USAID missions); Title II PVOs and NGOs; commodity and industry groups; other USG agencies; and representatives of International Organizations.

The concept paper was developed under the auspices of this working group and reflects their considered inputs. At the end of March, FFP disseminated a draft for comments within USAID (to missions, PPC and regional and pillar bureaus) and to its other partners, including the PVOs and the WFP. Office staff also made oral presentations on the paper at a meeting of the Food Aid Consultative Group (FACG) in late March and a meeting of the Food Aid Coalition partners in early April. Many comments have been incorporated in this draft. Others will be used in the development of the Strategy, and in particular in the further development of the two intermediate results, their rationale, illustrative activities and the performance monitoring plan. FFP plans to schedule the parameters meeting for the end of April and submit the strategy in early June.

ANNEX: Vulnerability and Food Secure, Fragile, Failing And Failed States

Vulnerability can be thought of as the ability to manage risks. When an entity is unable to cope effectively with a shock or hazard it is vulnerable. This relationship can also be expressed as a formula, as in Figure 1, where vulnerability is equal to a shock (or hazard) minus coping ability. The larger the shock is in relationship to the ability to cope, the greater the degree of vulnerability.

This model helps depict vulnerability as it applies to countries, communities, households and individuals. In this model, vulnerability can be reduced by (1) reducing exposure to risks, such as shocks that affect the many (e.g., droughts or floods) or shocks that affect the individual (e.g., death of the head of a household); (2) increasing the ability to manage such risks; or (3) both. This model takes into account numerous sources of risk – political, economic, social, health, production and natural. A number of factors are recognized as influencing the ability of countries, communities and households to cope, including economic, social and political factors. Governance also plays an important role in this model, influencing both the risks and the ability of countries and communities to cope with these risks.

The relationship between risk and ability to cope, and how it plays out over time, also can be portrayed graphically (See Figures 2 through 4), with risk and coping ability represented by separate lines with independent trajectories over time. Countries (also communities and households) are vulnerable when the line representing the magnitude of a hazard or risk is located above the line representing the ability to cope, with the degree of vulnerability measured by the distance between the two lines.

The first diagram provides an example of low vulnerability or high resiliency. Here, the entity (which is labeled a state, but could also represent a community or household) is unable to cope with only one of the several shocks that it faced during ten years. In the second diagram, the line representing the ability to cope lies far below the line representing the severity of the shock over the entire time period, indicating a complete failure to cope. This situation of high vulnerability is characteristic of a failed state. In the third diagram, the entity is able to cope with some shocks but not the majority, which results in its being characterized as "fragile." In this last example, the degree of vulnerability is relatively high in some years, but even lesser amounts of vulnerability, if frequent enough, can be destabilizing and result in reduced ability to cope with future shocks. This decline in ability to cope is also represented in the third figure and could be characteristic of an entity that is failing, for example, a failing state.

These diagrams are meant to be illustrative and do not capture all the possible variations. Coping ability may also vary in the first and second cases, increasing or decreasing over time, for example, as a result of increased investments in disaster prevention, the cumulative negative effects of a series of disasters, or with the nature of the disaster. Investments can also reduce risk: investments in river embankments to reduce the risk of

flooding, for example, and reforestation and live barrier and rock terraces to reduce the risk of landslides.

All states are subject to occasional and recurrent shocks. It is primarily their ability to cope with these shocks that determines whether they are food secure or fragile, failing and failed states. At a country level, countries can be thought of as food secure when they are able to cope with most hazards they encounter even though not all communities and/or households within their borders will be able to cope. This is true of most developed countries. The United States, for example, is able to deal with the vast majority of hazards it faces, although regions and communities within the United States frequently need assistance from the federal government to deal with the effects of hurricanes, floods, droughts, etc.

The level of development and capacity of the national and local governments and other political and social institutions also plays a major role. Developing countries can also fall into the food secure classification, such as Brazil and Mexico. Together, these two countries account for the majority of the poor and food insecure people living in the LAC region. Yet both have reached the level of political and economic development that should enable them to finance and implement the safety net programs necessary to assist their poor and food insecure to cope with the shocks that confront them. Mexico and Brazil should also be able to cope with other more transitory hazards that are likely to affect other segments of their populations, but even these countries may need additional assistance to cope with major shocks. Indonesia is another example of a state that was food secure during most of the 1990s, because it was able to reduce its vulnerability to food insecurity through policies that promoted increases in the production of its major staple food crop and a dramatic reduction in poverty. When a major financial crisis hit at the end of the 1990s, however, Indonesia too was overwhelmed and needed food assistance to help it cope with this economic shock.

Figure 1: Defining Vulnerability

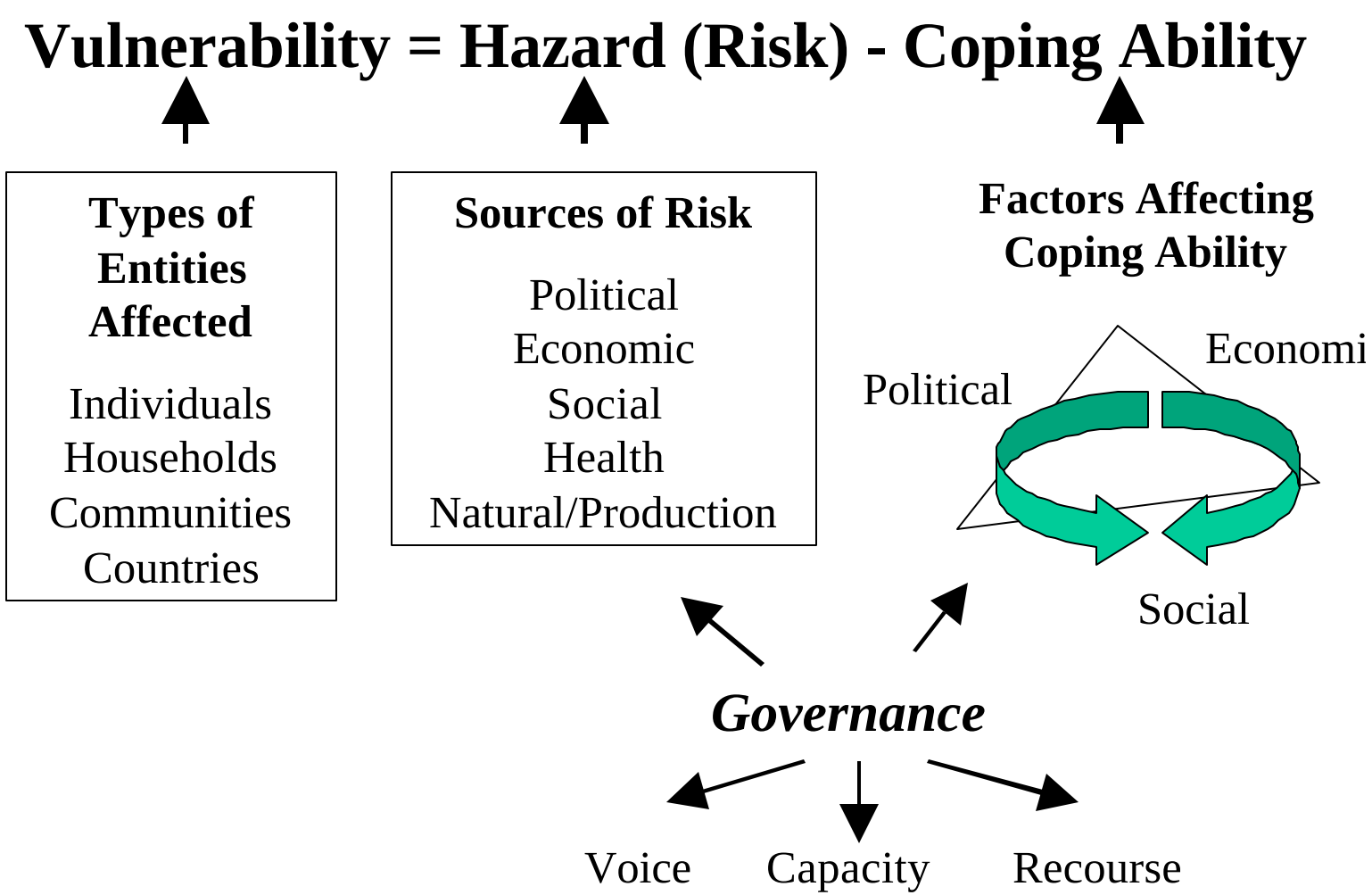

Figure 2: A Food Secure State

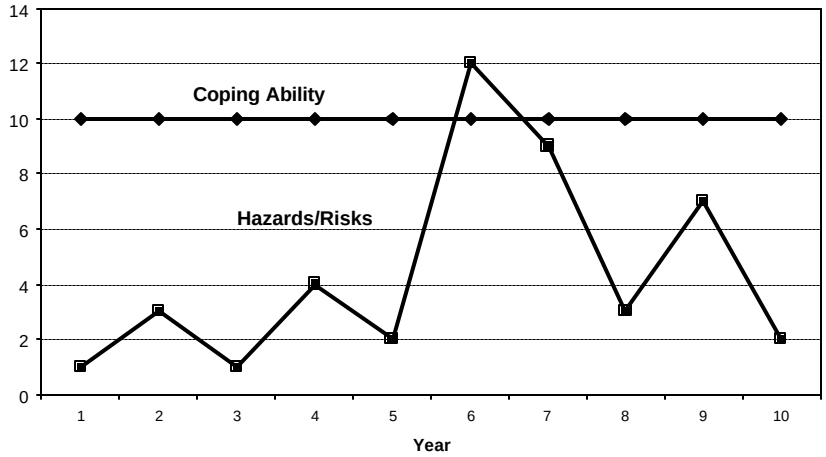

Figure 3: A Failed State

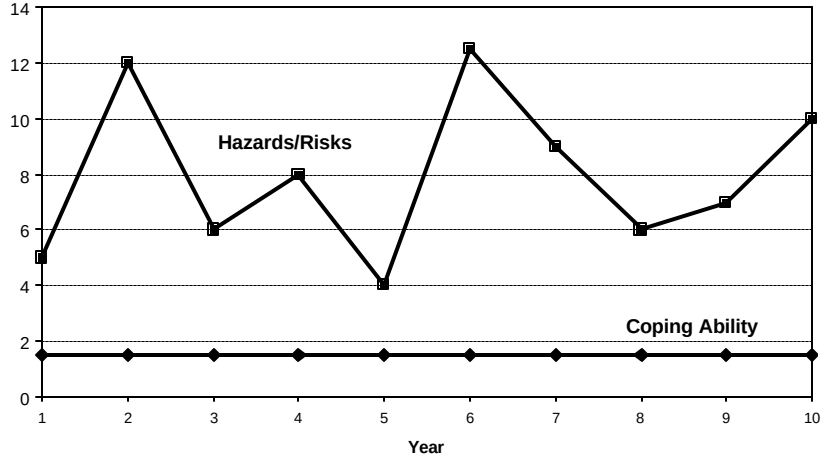

Figure 4: A Fragile and A Failing State